

Message Text

CONFIDENTIAL

PAGE 01 STATE 197527
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 TRSE-00 NSC-05 ONY-00 /026 R

DRAFTED BY EB/IFD:CFMEISSNER:JMR
APPROVED BY EB/IFD:CFMEISSNER
EUR/SE - EMARCOTT
DESIRED DISTRIBUTION
STATE, TREASURY, NSC ONLY
-----107986 050704Z /14
R 042144Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA

C O N F I D E N T I A L STATE 197527

E.O. 11652: GDS

TAGS: ECON, TU

SUBJECT: TELEPHONE CONVERSATION WITH FRANK ZARB

1. FRANK ZARB HAS BEEN INFORMALLY TOUCHING BASE WITH
DEP ASST SECY CFMEISSNER ON THE LAZARD FRERES/WARBURG/
KUHN LOEB CONSULTANCY EFFORTS WITH THE TURKISH GOVERNMENT.
REPRESENTATIVES OF THESE THREE FINANCIAL HOUSES MET IN PARIS
LAST WEEK TO PUT TOGETHER THEIR RECOMMENDATIONS ON TURKEY.
THEY WILL BE MEETING IN ANKARA NEXT WEEK WITH THE TURKISH
GOVERNMENT.

2. ACCORDING TO ZARB THE ANALYSIS OF THE THREE HOUSES IS
GLOOMY. THEY DO NOT EXPECT ANY QUICK TURN AROUND IN
TURKISH EXPORTS. SECONDLY, THE IMPORT BILL HAS LITTLE ROOM
FOR FLEXIBILITY. THE OIL BILL IS TOO HIGH AND CONVERSION
TO COAL IS NOT POSSIBLE BECAUSE OF THE LACK OF CAPITAL.
IT IS THE GROUPS CONCLUSION THAT TURKEY WILL NOT BE ABLE TO
SERVICE ITS PRIVATE DEBT EVEN WITH PUBLIC DEBT RESCHEDULING
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 197527

AND THAT A MORATORIUM MIGHT BE NECESSARY.

3. ZARB SAID THEY ALSO HAD DISCUSSIONS WITH MORGAN
GUARANTY AND CITICORP. THE BIG EIGHT CONSORTIUM STILL
BELIEVES THAT THEY CAN RAISE \$300 TO \$500 MILLION. ZARB
HAD SOME DOUBT IN HIS VOICE.

4. WITHOUT PRESENTING ANY DETAILS, ZARB SAID THE CONSULTANTS WOULD PRESENT A TOUGH PLAN. HE ASKED WHETHER MEISSNER THOUGHT THE TURKISH GOVERNMENT WAS REALLY SERIOUS. MEISSNER REPLIED THAT HE THOUGHT THEY WERE MOVING FORWARD IN GOOD FAITH BUT THAT THE SERIOUSNESS OF THE SITUATION WAS NOT UNDERSTOOD OR APPRECIATED IN THE REALM OF DOMESTIC POLITICS. MEISSNER USED THE U.S. CONGRESS AND THE ADMINISTRATION'S ENERGY PROGRAM AS A SIMILAR EXAMPLE IN THE U.S. ZARB HAD NO TROUBLE GRASPING THE REFERENCE.

5. ZARB MAY CONTACT THE EMBASSY WEDNESDAY AUGUST 9. HE DESIRED TO DINE WITH THE AMBASSADOR BUT HAS BEEN INFORMED THAT RON SPIERS WILL BE IN THE STATES ON HOME LEAVE.

6. DISCUSSIONS WITH ZARB SHOULD NOT BE MENTIONED PUBLICLY. ZARB WILL CALL MEISSNER UPON HIS RETURN. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TELEPHONES, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE197527
Document Source: CORE
Document Unique ID: 00
Drafter: CFMEISSNER:JMR
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780321-0394
Format: TEL
From: STATE
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780896/aaaadcuy.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ba921d68-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1831676
Secure: OPEN
Status: NATIVE
Subject: TELEPHONE CONVERSATION WITH FRANK ZARB
TAGS: ECON, TU, (ZARB, FRANK)
To: ANKARA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ba921d68-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014